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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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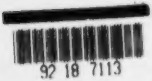

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

KQ2-2228

For Quarter Ended May 31, 1992 Commission File Number 0-18576

Pioneer Fed BanCorp, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	99-0276251
r other jurisdiction of tion or organization)	(I.R.S. Employer Identification No.)

900 Fort Street Mall, Honolulu, Hawaii	96813
(Address of principal executive offices)	(Zip Code)

(808) 522-6690
(Registrant's telephone number, including area codes)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

Indicate the number of shares outstanding for the issuer's classes of common stock, as of the latest practicable date.

Common Stock (Par Value $0.01 Per Share)	2,568,728
(Class)	(Outstanding on May 31, 1992)

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PIONEER FED BANCORP, INC.

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

PIONEER FED BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Financial Condition
May 31, 1992 (Unaudited) and November 30, 1991
(Dollars in Thousands, Except Par Value Per Share)

	May 31, 1992 (Unaudited)	November 30, 1991
Assets		
Cash and amounts due from depository institutions	$ 11,309	$ 7,346
Interest bearing deposits in depository institutions (includes $8,000 and $9,000 in cash equivalents at May 31, 1992 and November 30, 1991, respectively)	17,250	19,000
Loans held for sale (market value of $9,561 and $13,641 at May 31, 1992 and November 30, 1991, respectively)	9,299	13,145
Loans receivable, net	461,742	462,185
Federal Home Loan Mortgage Corporation mortgage-backed securities, at cost (market value of $33,759 and $36,069 at May 31, 1992 and November 30, 1991, respectively)	32,568	35,072
Premises and equipment, net	4,200	4,346
Real estate acquired in settlement of loans, net	347	-
Federal Home Loan Bank of Seattle stock, at cost	19,951	18,931
Accrued interest receivable	3,911	4,304
Other assets	9,365	3,225
Total Assets	$569,942	$567,554
Liabilities and Stockholders' Equity		
Deposits	$407,722	$412,181
Advances from Federal Home Loan Bank of Seattle and other borrowings	91,379	89,192
Advances by borrowers for taxes, lease rent and insurance	2,170	1,918
Income taxes payable	1,417	1,006
Deferred income taxes	2,063	1,413
Other liabilities	8,993	8,561
Total Liabilities	513,744	514,271
Stockholders' Equity (Note 3):		
Common stock, $0.01 par value 8,000,000 shares authorized; issued and outstanding: 2,568,728 at May 31, 1992 and 2,447,171 at November 30, 1991	26	24
Additional paid-in capital	29,206	26,989
Retained Earnings	28,845	28,262
ESOP debt	(1,879)	(1,992)
Total Stockholders' Equity	56,198	53,283
Total Liabilities and Stockholders' Equity	$569,942	$567,554

See accompanying notes to consolidated financial statements.

PIONEER FED BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Income
(Unaudited)
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended May 31,		Six Months Ended May 31,	
	1992	1991	1992	1991
Interest income:				
Interest on loans	$11,582	$12,777	$23,540	$25,673
Interest on mortgage-backed securities	714	831	1,462	1,677
Interest and dividends on investments	592	837	1,379	1,726
Total interest income	12,888	14,445	26,381	29,076
Interest expense:				
Interest on deposits	5,396	6,996	11,294	14,139
Interest on advances from Federal Home Loan Bank of Seattle and other borrowings	1,767	2,061	3,677	4,094
Total interest expense	7,163	9,057	14,971	18,233
Net interest income	5,725	5,388	11,410	10,843
Provision for loan losses	265	162	414	307
Net interest income after provision for loan losses	5,460	5,226	10,996	10,536
Other income:				
Service fees on loan accounts	154	112	275	207
Service fees on deposit accounts	644	453	1,251	830
Other	404	215	627	422
Total other income	1,202	780	2,153	1,459
Other expense:				
Salaries and employee benefits	1,889	1,677	3,727	3,373
Occupancy and equipment	1,043	909	1,939	1,818
Telephone, postage and office supplies	259	238	547	491
Advertising	245	220	489	464
Federal deposit insurance premiums	256	249	511	492
Other	443	465	960	960
Total other expense	4,135	3,758	8,173	7,598
Income before income taxes	2,527	2,248	4,976	4,397
Income taxes	1,010	856	1,971	1,630
Net income	$ 1,517	$ 1,392	$ 3,005	$ 2,767
Net income per share				
Primary	$ .58	$ .54	$ 1.15	$ 1.07
Fully diluted	$ .58	$ .53	$ 1.15	$ 1.07

See accompanying notes to consolidated financial statements.

PIONEER FED BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in Thousands)

	Three Months Ended May 31,		Six Months Ended May 31,	
	1992	1991	1992	1991
Cash flows from operating activities:				
Net Income	$ 1,517	$ 1,392	$ 3,005	$ 2,767
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	242	282	472	571
Accretion of deferred loan origination fees	(603)	(468)	(936)	(810)
Federal Home Loan Bank stock dividends	(496)	(259)	(1,020)	(498)
Provision for losses on loans and real estate acquired in settlement of loans	265	162	520	332
Deferred income tax expense	632	16	(52)	41
Gain on sale of loans	(251)	(26)	(251)	(26)
(Increase) Decrease in loans held for sale	9,539	(2,963)	3,846	(5,381)
Decrease in accrued interest receivable	233	296	393	180
Increase in real estate acquired in settlement of loans	-	-	(556)	-
Increase (Decrease) in income taxes payable	107	(619)	1,113	139
Net changes in other assets and liabilities	(4,624)	(2,730)	(5,295)	(5,686)
Net cash used in operating activities	6,561	(4,917)	1,239	(8,373)
Cash flows from investing activities:				
Additions to premises and equipment	(284)	(460)	(339)	(498)
Proceeds from sale of premises and equipment	6	-	18	-
Purchase of certificates of deposits with maturities over three months	(9,000)	(7,000)	(18,250)	(17,000)
Proceeds from maturing certificates of deposits with maturities over three months	9,000	11,000	19,000	18,000
Principal repayments on mortgage-backed securities	1,182	695	2,504	1,413
Purchase of Federal Home Loan Bank of Seattle stock	-	(2,000)	-	(2,000)
Proceeds from sale of real estate acquired in settlement of loans	111	-	111	131
Loans originated	(38,240)	(24,672)	(64,735)	(46,017)
Principal repayments on loans	35,149	34,095	65,951	53,492
Net cash provided by (used in) investing activities	$(2,056)	$11,658	$ 4,260	$ 7,521

PIONEER FED BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows, Continued
(Unaudited)

	Three Months Ended May 31,		Six Months Ended May 31,	
	1992	1991	1992	1991
Cash flows from financing activities:				
Net increase (decrease) in deposits	$ (610)	$ 5,912	$(4,459)	$ 5,947
Proceeds from Federal Home Loan Bank advances and other borrowings	50,500	-	72,000	-
Principal repayments on Federal Home Loan Bank advances and other borrowings	(54,056)	(3,157)	(69,813)	(6,214)
Dividends paid to shareholders	(128)	-	(264)	-
Net cash provided by (used in) financing activities	(4,294)	2,755	(2,536)	(267)
Net increase (decrease) in cash and cash equivalents	211	9,496	2,963	(1,119)
Cash and cash equivalents at beginning of period	19,098	10,525	16,346	21,140
Cash and cash equivalents at end of period	$19,309	$20,021	$19,309	$20,021
Summary of noncash investing and financing activities:				
Decrease in guarantee of ESOP debt	$ 56	$ 57	$	$ 114
Financing on sale of real estate acquired in settlement of loans	$ -	$ -	$ -	$ 92
Cash paid for:				
Interest on deposits and borrowings	$ 7,466	$ 8,988	$15,413	$18,269
Income taxes	$ 500	$ 1,020	$ 1,150	$ 1,470

See accompanying notes to consolidated financial statements.

PIONEER FED BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements
May 31, 1992
(Unaudited)

Note 1 - Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements of Pioneer Fed BanCorp, Inc. and Subsidiary ("Company") contain all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the Company's financial condition as of May 31, 1992 and the results of their operations and cash flows for the three and six months ended May 31, 1992 and 1991.

The results of operations for the three and six months ended May 31, 1992 are not necessarily indicative of the results to be expected for the full year.

Note 2 - Principles of Consolidation

The consolidated financial statements include the accounts of the Company, a unitary savings and loan holding company, and its wholly owned subsidiary Pioneer Federal Savings Bank ("Pioneer" or "Bank"), a federally chartered stock savings bank. Pioneer's three wholly owned subsidiaries include Pioneer Properties, Inc., Pioneer Insurance Agency, Inc. and Pioneer Real Estate Corporation. All significant intercompany balances and transactions have been eliminated.

Note 3 - Stockholders' Equity

The Board of Directors of Pioneer unanimously adopted a Plan of Conversion ("Plan") as of December 1, 1989 and amended as of January 5, and February 26, 1990. The Plan provided for the conversion of the Bank from a federally chartered mutual savings bank to a federally chartered stock savings bank, the concurrent acquisition by the Company of all of the capital stock of the Bank to be issued in connection therewith, and the offer and sale by the Company of the Common Stock in the Subscription Offering and the Public Offering, if necessary. On June 4, 1990, the Stock Conversion was consummated whereby 2,326,355 shares of common stock, par value $0.01 was

sold at $11.50 to subscribers in the Subscription Offering period which expired on May 22, 1990, thereby eliminating the need of a Public Offering. Gross proceeds collected of approximately $26.7 million less conversion costs of approximately $1.3 million resulted in net proceeds of $25.4 million. Additionally, on June 4, 1990, the Employee Stock Ownership Plan ("ESOP") purchased and paid for 198,000 shares of the Company's common stock at a price of $11.50 per share. The Employee Stock Ownership Trust ("ESOT") obtained funds for the purchase from an independent third party bank.

Note 4 - Earnings Per Share

Primary earnings per share is computed by dividing applicable income amounts by the weighted average number of shares of common stock outstanding during each period including stock dividends paid and the dilutive effect of unexercised stock options using the treasury stock method which assumes that common stock was purchased at the average market price during the period.

Fully diluted earnings per share is calculated to reflect the maximum potential dilution by including the effect of unexercised stock options using the treasury stock method which assumes that common stock was purchased at the market price at the close of the period or the average market price during the period, whichever is higher.

A schedule of common shares and common share equivalents used in the earnings per share computation for the three and six months ended May 31, 1992 and 1991 is set forth below:

	Three Months Ended May 31, 1992		Six Months Ended May 31, 1992	
	Primary	Fully Diluted	Primary	Fully Diluted
Weighted average number of common shares outstanding	2,568,728	2,568,728	2,568,728	2,568,728
Dilutive effect of exercising stock options	50,395	50,956	49,222	49,503
Weighted average number of common shares and common equivalents	2,619,123	2,619,684	2,617,950	2,618,231

	Three Months Ended May 31, 1991		Six Months Ended May 31, 1991	
	Primary	Fully Diluted	Primary	Fully Diluted
Weighted average number of common shares outstanding	2,564,703	2,564,703	2,564,703	2,564,703
Dilutive effect of exercising stock options	31,078	44,803	16,524	33,046
Weighted average number of common shares and common equivalents	2,595,781	2,609,506	2,581,227	2,597,749

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

The Company

Pioneer Fed BanCorp, Inc. ("Company") is a Delaware corporation formed in January 1990 to acquire all of the capital stock that was issued by Pioneer Federal Savings Bank ("Pioneer" or "Bank") upon Pioneer's conversion from a federally chartered mutual savings bank to a federally chartered stock savings bank ("Conversion"). In the Conversion, the Company's common stock, par value $.01 per share ("Common Stock"), was offered to certain depositors and borrowers of the Bank, the Bank's Employee Stock Ownership Plan ("ESOP"), Retirement Pension Plan, and others. On June 4, 1990, the closing date for the Conversion, the Company sold 2,326,355 shares of its Common Stock and realized net proceeds of $25.4 million. At May 31, 1992, the Company had total assets of $569.9 million, liabilities of $513.7 million, and stockholders' equity of $56.2 million.

Currently, the Company's only significant business is engaged through its wholly owned subsidiary, Pioneer and its wholly owned subsidiaries. For federal regulatory purposes, the Company is treated as a unitary savings and loan holding company, which under present law, generally is not restricted in the types of business activities in which it may engage.

Pioneer

Pioneer is a federally chartered, Savings Association Insurance Fund ("SAIF") insured stock savings bank headquartered in Honolulu, Hawaii. Pioneer, chartered in 1890, currently conducts its business through nineteen full-service offices located on the islands of Oahu, Maui, Hawaii, and Kauai.

Pioneer's principal business consists of attracting deposits from the general public through a variety of deposit products and investing those deposits, together with borrowings, principally from the Federal Home Loan Bank ("FHLB") of Seattle, and other funds from ongoing operations, in the origination of one-to-four family residential mortgage loans and, to a lesser extent, consumer loans and other mortgage loans.

The Bank considers its primary marketing area for attracting deposits and making loans to be the islands of Oahu, Hawaii, Maui and Kauai. While Hawaii is expected to have slower economic growth than in recent years, it continues to outpace the nation's slower growth of recent years. Hawaii's 3.7% unemployment rate, although increasing, is well below the national unemployment rate.

The Company, a savings and loan holding company, is subject to the regulation, examination, supervision and reporting requirements of the Office of Thrift Supervision ("OTS"). Pioneer is a federally chartered savings bank, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC") through the SAIF. Pioneer is subject to broad federal regulation and oversight extending to all aspects of its operations by the OTS and the FDIC. The Bank is also a member of the FHLB of Seattle and is subject to certain limited regulation by the Board of Governors of the Federal Reserve System ("Federal Reserve Board").

FINANCIAL REVIEW

Performance Highlights

Pioneer Fed BanCorp, Inc., reported net income for the three and six months ended May 31, 1992 of $1.5 million and $3.0 million, compared to $1.4 million and $2.8 million for the same periods a year ago. Six month earnings per share figures increased from $1.07 per share at May 31, 1991 to $1.15 per share at May 31, 1992, an increase of 7.48%. The earnings per share figures of $0.54 and $1.07 for the three and six months ended May 31, 1991 reflect the increase in shares from the 5% stock dividend paid on February 28, 1992.

Total consolidated assets of the Company increased slightly from $567.6 million at November 30, 1991, to $569.9 million at May 31, 1992. Stockholders' equity increased by $2.9 million, primarily reflecting net income earned for the six months ended May 31, 1992, payment of a $0.05 per share cash dividend to shareholders on February 28, 1992 and May 29, 1992, and reduction in the ESOP debt.

The Bank's non-performing assets were $2.5 million at May 31, 1992, compared to $1.8 million at November 30, 1991, an increase of $670,000 or 37.28%. At May 31, 1992, the ratio of non-performing assets to total assets was .43% or 11 basis points above the ratio at November 30, 1991 of 0.32%. The increase in non-performing assets was attributable to a greater number of delinquent mortgage loans as Hawaii's economy experienced slower economic growth rate and the acquisition of a real estate owned, which subsequent to May 31, 1992 has been sold.

OPERATING STRATEGY

Operating Strategy. There have been numerous challenges for the financial industry in recent years. With Pioneer's continued adherence to longstanding conservative banking principles our business strategy, which is summarized below, should result in further strengthening of the balance sheet and enhance the value of the Company.

Reduce Cost of Funds. Aided by falling interest rates and expanded marketing of core deposits Pioneer was able to reduce its overall cost of funds during the six months ended May 31, 1992. For the first six months of fiscal 1992, the Bank's cost of funds decreased 101 basis points from 6.98% as of November 30, 1991 to 5.97% as of May 31, 1992.

Management of the Bank believes that low cost of funds whether they be deposits, or borrowings are the cornerstone of Pioneer's profitability.

The Bank continued its strategy to acquire low cost deposits and replace higher cost borrowings, thereby increasing the Bank's net interest margin. To accomplish this task, Pioneer has continued its aggressive marketing of deposit products. The Bank's efforts have been concentrated on acquiring low cost deposits, primarily checking accounts, and certificates of deposit with terms of one year or less. At May 31, 1992, total deposits stood at $407.7 million, a decrease of $4.5 million compared to November 30, 1991. The decrease in deposits is due to the continued decline in interest rates during the first half of fiscal 1992. As with most financial institutions, Pioneer was not insulated from the effects of the dramatic drop in interest rates as depositors began switching to alternative investments with more attractive yields. In addition, the Bank's overall cost of borrowings decreased 85 basis points from 8.76% during the year ended November 30, 1991, to 7.91% during the six months ended May 31, 1992.

The Bank experienced a reduction in deposit accounts during the six months ended May 31, 1992 of $4.5 million. The decrease was primarily due to withdrawals of time accounts and jumbo certificates. Core deposits (i.e., savings passbook accounts, NOW and super NOW accounts), increased by $37.9 million during the six months ended May 31, 1992 compared to November 30, 1991.

Branch Expansion

It is important for the long-term success of Pioneer to enhance its presence and market share in the state of Hawaii's deposit and lending market areas. During the first six months of fiscal 1992, Pioneer opened two new branches on the island of Oahu. Both branch locations exhibit high potential for deposit and loan growth. With the opening of Pioneer's Pearl City branch in May 1992, the Bank's goal of expanding its branch system has been achieved.

Maintain Strong Asset Quality and Reduce Non-performing Assets. To maintain the credit quality of the Bank's assets, the Bank practices its policy of (i) originating real estate loans secured by real estate located in the state of Hawaii, (ii) reducing the Bank's investment in multi-family, commercial and other mortgage loans, and (iii) attempting to originate loans with low loan-to-value ratios. At May 31, 1992, $419.1 million, or 87.55% of the Bank's gross loan portfolio, was invested in one-to-four family residential mortgages compared to $340.5 million, or 79.30% of the Bank's gross loan portfolio, at December 31, 1986. During the same period, the Bank's multi-family real estate and commercial loan portfolio decreased $34.2 million, or 60.44% from $56.6 million at December 31, 1986 to $22.4 million at May 31, 1992. At May 31, 1992, $468.6 million, or 97.90%, of the Bank's gross loan portfolio had a loan-to-value ratio of less than 80%. The Bank's non-performing assets at May 31, 1992, increased $670,000 or 37.28% compared to $1.8 million at November 30, 1991. The increase in non-performing assets was attributable to a greater number of delinquent mortgage loans as Hawaii's economy experienced slower economic growth rate and the acquisition of a real estate owned, which subsequent to May 31, 1992 has been sold.

Reduce Vulnerability to Interest Rate Fluctuations. Of the residential mortgages Pioneer originates, a significant portion are Adjustable Rate Mortgage ("ARM") loans. Pioneer began concentrating on origination of ARM loans in 1986 as a means of reducing the Bank's vulnerability to interest rate fluctuations. The Bank originates fixed-rate loans on terms consistent with secondary market standards to enable the Bank to sell, at opportune times, the majority of the fixed-rate loans it originates. As a result, ARM loans and adjustable rate home equity loans, as a percentage of the Bank's gross loan portfolio, increased from 32.54% at December 31, 1986 to 78.50% at May 31, 1992. As a consequence of the Bank's emphasis on the origination of ARM loans and adjustable rate home equity loans, the cumulative amount of interest-earning assets maturing or repricing within one year exceeds the amount of interest-bearing liabilities maturing or repricing within that period by $129.1 million for a cumulative one year interest rate sensitivity gap of positive 22.66% at May 31, 1992.

There is no assurance that the Bank will be able to achieve its objectives, nor is it possible to predict whether future changes in regulatory, economic and competitive conditions will cause the Bank to revise its operating strategy. The operating results of the Bank are expected to remain dependent upon general economic conditions and the prevailing levels of interest rates for the foreseeable future.

Profile of Lending Activities

General. The principal lending activity of the Bank is the origination of adjustable and fixed-rate conventional one-to-four family residential mortgage loans. Pioneer is also engaged in other types of mortgage lending, including home equity loans, loans on smaller multi-family projects and, to a lesser extent, in other consumer lending activities. Pioneer does not engage in acquisition, development and construction ("ADC") lending or in commercial lending on large projects. In addition to interest earned on loans, the Bank receives fees for loan originations, loan servicing, loan modifications, late payments and other miscellaneous services.

Loan Portfolio Composition. Pioneer's net loan portfolio totaled $471.0 million at May 31, 1992, and $475.3 million at November 30, 1991, representing 82.65% and 83.75%, respectively, of its total assets. At May 31, 1992, the portfolio included $419.1 million of one-to-four family mortgage loans, representing 87.55% of total gross loans. Of these one-to-four family loans, $341.3 million were ARM loans, representing 71.30% of total gross loans at that date. The following table sets forth the composition of the Bank's total loan portfolio by loan type at May 31, 1992 and November 30, 1991.

	At May 31, 1992		At November 30, 1991	
	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in Thousands)			
Mortgage Loans:				
One-to-four family:				
Adjustable-rate	$341,289	71.30%	$335,536	69.36%
Fixed-rate	77,767	16.25	85,643	17.70
Total one-to-four family	419,056	87.55	421,179	87.07
Multi-family	7,486	1.56	7,993	1.65
Home equity	34,482	7.20	35,459	7.33
Commercial and other	14,891	3.11	15,771	3.26
Total mortgage loans	475,915	99.42	480,402	99.31
Consumer Loans:				
Auto	106	0.02	180	0.04
Secured and unsecured	341	0.07	400	0.08
Passbook	2,310	0.49	2,748	0.57
Total consumer loans	2,757	0.58	3,328	0.69
Total gross loans	$478,672	100.00%	$483,730	100.00%
Less:				
Unearned discounts and deferred loan origination fees	3,446	-	3,432	-
Allowance for loan losses	2,743	-	2,333	-
Undisbursed portion of loans in process	1,442	-	2,635	-
Net Loans	$471,041		$475,330	

Loan Originations, Purchases and Sales. The Bank has concentrated its lending activities on the origination of first mortgage loans for the purchase of residential properties. At May 31, 1992, $419.1 million or 87.55% of Pioneer's gross loan portfolio was invested in one-to-four family residential mortgages. Pioneer has general authority to originate and purchase loans secured by real estate located throughout the United States. However, consistent with its emphasis on being a community-oriented financial institution, the Bank's origination of mortgage loans has historically been confined to Hawaii. At May 31, 1992, 96.40%, or $461.2 million, of the Bank's gross loan portfolio was secured by real estate located in the state of Hawaii.

The Bank offers ARM loans with terms of up to 30 years. The ARM loans currently offered by the Bank have an initial fixed interest rate for a six- to 12-month period with interest adjustments every six months or annually thereafter based on the one year U.S. Treasury Constant Maturity Index, as made available by the Federal

Reserve Board, or an index published by the FHLB of San Francisco of the monthly weighted average cost of savings, borrowings and advances of the member institutions of the FHLB of San Francisco. The amount of any increase or decrease in the interest rate on ARM loans is limited to 2% per year, with a maximum increase of 5% over the initial rate for the duration of the loan. The Bank's ARM loans may be offered with "teaser rates," initial rates that are lower than the fully indexed rate. These teaser rates are determined by the Bank in accordance with market and competitive factors. The Bank does not currently offer ARM loans with negative amortization. The terms and conditions, including the index for interest rates of the ARM loans offered by the Bank, may vary from time to time.

Pioneer currently offers fixed-rate loans with 15- and 30-year terms. Fixed-rate loans are underwritten on terms consistent with secondary market standards. The Bank's current policy is to classify the majority of the long-term, fixed-rate loans that it originates as held for sale. The Bank intends to review this policy from time to time in order to determine whether or not long-term, fixed-rate loans should continue to be held for sale, primarily to the Federal Home Loan Mortgage Corporation ("FHLMC") and the Federal National Mortgage Association ("FNMA") or for investment.

A substantial portion of the property in the state of Hawaii is leased pursuant to long-term ground leases rather than owned in fee simple. Residential leases in Hawaii are generally for 55-year terms, with the lease payments generally fixed for the first 20 to 30 years of the term. On residential property, the Bank's policy is to require that the leasehold term of a property securing a mortgage loan extend for at least five years beyond the term of the loan with a minimum fixed rental period of ten years on a fully amortizing loan. The Bank also makes balloon loans on such properties; these loans must have a remaining lease term of 35 years with a minimum fixed rental period of ten years. For loans on income property where the property is subject to long-term leases, the loan term shall not exceed the term of the fixed-rent period with a minimum loan term of 10 years and a lease term that extends ten years beyond the term of the loan. These loans are amortized over the fixed rent period, not to exceed 30 years.

The Bank offers its customers home equity lines of credit that enable applicants to borrow funds secured by the equity in their home. The credit line, when combined with the balance of the first mortgage lien, may not exceed a given percentage, generally 75% of the appraised value of the property at the time of the home equity line commitment. Home equity lines of credit are secured by a first or second mortgage on the underlying real estate and are typically granted for a fixed period of between 10 and 15 years. The Bank historically has not charged a fee for these loans. Home equity lines of credit currently offered by the Bank typically

lending rate charged by a Hawaii-based commercial bank. The interest rate on home equity lines of credit adjusts with the prime lending rate. At May 31, 1992, the Bank had approved $51.5 million of home equity lines of credit, of which $34.5 million was outstanding.

The Bank makes loans on multi-family residential properties when a suitable opportunity arises. At May 31, 1992, the Bank's multi-family real estate loan portfolio totaled $7.5 million, or 1.56% of the gross loan portfolio. Pioneer also makes fixed-term second mortgage loans from time to time on residential properties located in Hawaii. At May 31, 1992, the Bank had $3.2 million in second mortgage loans outstanding.

Pioneer occasionally makes construction loans on one-to-four family residential properties. Such loans are typically made with a 30-year term and provide for payment of interest only during the first year of the term, the construction period, after which time the loan converts to a standard residential mortgage loan for the remaining life of the loan. As of May 31, 1992, the Bank's construction loan portfolio was $5.0 million, or 1.04% of the gross loan portfolio, or $3.5 million net of $1.4 million in loans in process. Pioneer currently does not make mortgage loans on nonresidential property. At May 31, 1992, Pioneer's portfolio of loans on nonresidential properties had an aggregate principal amount of $14.9 million, or 3.11% of the gross loan portfolio.

Consistent with the Bank's policy of providing a range of financial services to existing and potential customers, Pioneer currently offers a variety of consumer loans, including automobile loans, real estate secured consumer loans and personal loans. In recent years, the Bank's policy has been to make automobile loans on a very limited basis. At May 31, 1992, consumer loans totaled $2.8 million, or 0.58% of the Bank's gross loan portfolio.

The following table sets forth the Bank's loan originations, sales and principal repayments for the periods indicated.

	Three Months Ended May 31,		Six Months Ended May 31,	
	1992	1991	1992	1991
		(In Thousands)		
Loan originations				
Mortgage loans				
Adjustable-rate	$30,581	$17,806	$50,358	$31,100
Fixed-rate	13,165	9,215	20,244	12,809
Total mortgage loan originations	43,746	27,021	70,602	43,909
Home equity loans	4,758	4,966	8,430	9,908
Consumer loans	749	1,251	1,423	2,632
Total loan originations	49,253	33,238	80,455	56,449
Loans sold				
Fixed-rate mortgage	21,676	5,820	21,768	5,820
Loan principal reductions	33,433	33,673	63,746	52,764
Total loan sales and loan principal reductions	55,109	39,493	85,514	58,584
Increase (decrease) in loans receivable(1)	$(5,856)	$(6,255)	$(5,059)	$(2,135)

(1) The increase (decrease) in loans receivable does not include changes in deferred loan origination fees, allowance for loan losses and undisbursed portion of loans in process.

Asset Classifications, Loan Delinquencies and Allowance for Losses. On December 31, 1987, the predecessor to the OTS adopted a classification system for problem assets of insured institutions which covers all problem assets, including assets that previously had been treated as "scheduled items." Under this classification system, problem assets of insured institutions are classified as "substandard," "doubtful" or "loss." An asset is considered "substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. "Substandard" assets include those characterized by the "distinct possibility" that the insured institution will sustain "some loss" if the deficiencies are not corrected. An asset which currently does not warrant classification as "substandard" but which possess weaknesses or deficiencies deserving close attention is required to be designated as "special mention." Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substandard," with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable."

Assets classified as "loss" are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

When an insured institution classifies problem assets as either substandard or doubtful, it is required to establish general valuation allowances in accordance with Generally Accepted Accounting Principles ("GAAP") in an amount deemed prudent by management. General valuation allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific valuation allowances, have not been allocated to particular problem assets. When an insured institution classifies problem assets as "loss," it is required either to establish a specific valuation allowance equal to the amount so classified or to charge off such amount. An institution's determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the District Director of the OTS, who can, among other things, modify any asset classification or order the establishment of additional general or specific valuation allowances.

In connection with the filing of its periodic reports with the OTS, the Bank regularly reviews its loans to determine whether any loans require classification in accordance with the applicable regulations. The following table sets forth certain information concerning the Bank's classified assets at May 31, 1992 and November 30, 1991, and the ratio of classified assets to total assets.

	Substandard	Doubtful	Loss	Total
	(Dollars in Thousands)			
May 31, 1992:				
Mortgage loans	$4,630	$350	$247	$5,227
Consumer loans	80	2	10	92
Real estate owned	347	-	-	347
Total classified assets	$5,057	$352	$257	$5,666
Ratio of classified assets to total assets	.89%	.06%	.04%	.99%
November 30, 1991:				
Mortgage loans	$3,852	$210	$258	$4,320
Consumer loans	209	3	33	245
Real estate owned	-	-	-	-
Total classified assets	$4,061	$213	$291	$4,565
Ratio of classified assets to total assets	.71%	.04%	.05%	.80%

Management conducts a regular review and follow-up of all loan delinquencies. When a borrower fails to make a payment on a loan, the Bank will take steps to have the borrower cure the delinquency and restore the loan to current status. If a mortgage loan delinquency exceeds 45 days and is not cured through the Bank's normal collection procedures, the Bank will generally commence a foreclosure action. If a foreclosure action is instituted and the loan is not reinstated, paid in full or refinanced, the real property is sold at a judicial sale at which, in some instances, the property may be purchased by the Bank. A property purchased by the Bank in such a sale is included in the Bank's real estate owned account until the property is sold. The Bank's policy is to establish a reserve for uncollected interest once a mortgage loan becomes more than 90 days delinquent or, in the opinion of management, its collectibility is doubtful. Accordingly, the Bank does not accrue interest income on loans more than 90 days delinquent. Under Hawaii law, lending institutions are permitted to recover deficiency judgments from borrowers.

The following table sets forth information with respect to certain non-performing assets identified by management, including non-accrual loans delinquent more than 90 days and real estate owned at the dates indicated.

	At May 31, 1992	At November 30, 1991
	(Dollars in Thousands)	
Non-accrual loans, delinquent more than 90 days:		
Mortgage loans	$2,057	$1,620
Consumer loans	63	177
Total non-accrual loans, delinquent more than 90 days	2,120	1,797
Real estate owned	347	-
Total non-performing assets	$2,467	$1,797
Re-negotiated loans not included above:		
Mortgage loans	$3,842	$3,042
Non-performing assets to total assets	.43%	.32%
Non-accrual loans to total loans(1)	.44%	.37%

(1) Represents total of loans delinquent more than 90 days to total gross loans.

During the period ended May 31, 1992, the Bank's non-performing assets increased $670,000, or 37.28% compared to $1.8 million at November 30, 1991. The increase in non-performing assets was attributable to a greater number of delinquent mortgage loans as Hawaii's economy experienced slower economic growth rate and the acquisition of a real estate owned, which subsequent to May 31, 1992 has been sold. Management of the Bank believes these loans are adequately secured and pose little risk to Pioneer.

Losses on loans are charged to the allowance for loan losses. Additions to this allowance are made by recoveries of loans previously charged off and by a provision charged to expense. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on the collectibility of loans and prior loan loss experience. The determination of the balance of the allowance for loan losses is based on an analysis of the loan portfolio, economic conditions, historical loan loss experience and other factors that warrant recognition in providing for an adequate allowance.

The following table shows an analysis of the allowance for loan losses for the periods indicated.

	Three Months Ended May 31,		Six Months Ended May 31,	
	1992	1991	1992	1991
	(Dollars in Thousands)			
Balance at beginning of period	$2,461	$1,772	$2,334	$1,707
Provision for loan losses	265	162	414	307
Charge-offs				
Mortgage loans	-	-	(15)	(32)
Consumer loans	(9)	(46)	(42)	(118)
Total charge-offs	(9)	(46)	(57)	(150)
Recoveries:				
Mortgage loans	-	-	-	2
Consumer loans	26	27	52	49
Total recoveries	26	27	52	51
Net (Charge-offs) recoveries	17	19	(5)	99
Balance at end of period	$2,743	$1,915	$2,743	$1,915
Ratio of allowance for loan losses to total outstanding loans (gross) at end of period	.57%	.41%	.57%	.41%
Ratio of net charge-offs during the period to average loans outstanding (gross) during the period	-%(1)	.01%	-%(1)	.02%

(1) Amount is less than .01%.

Investment Activities

The Bank's investment policy authorizes investment by the Bank in obligations issued or guaranteed by the United States government or an agency or instrumentality thereof, provided that the maturity of such obligation is less than five years. In addition, the Bank's investment policy authorizes the purchase of certificates of deposit in other financial institutions after evaluation of such institution's current financial position and results of operations. In addition, each institution approved by the Board of the Bank for investment must meet certain pre-established criteria.

The following table sets forth certain information regarding the Bank's investment portfolio at the dates indicated.

	At May 31, 1992	At November 30, 1991
	(Dollars in Thousands)	
Investment portfolio:		
FHLB of Seattle stock	$19,951	$18,931
Certificates of deposit American Savings Bank Honolulu, Hawaii	8,000	8,000
Certificates of deposit Other institutions	9,250	11,000
Total investment portfolio	$37,201	$37,931
Weighted average term to maturity, in years, of total portfolio	.11	.11

Mortgage-Backed Securities

In 1988 the Bank securitized long-term, fixed-rate mortgages held in its portfolio into FHLMC participation certificates. Presently the Bank utilizes the mortgage-backed securities in its portfolio primarily to secure public funds on deposit with Pioneer. In addition, mortgage-backed securities are readily saleable assets and facilitate compliance with the risk-based capital component of the capital requirements promulgated by the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"). At May 31, 1992, and November 30, 1991, the Bank's FHLMC participation certificates totaled $32.6 million and $35.1 million, respectively.

SOURCE OF FUNDS

General. The Bank's lending and investment activities are funded primarily by deposits, borrowings from the FHLB of Seattle, and principal and interest payments on loans and investments. Borrowings from the FHLB of Seattle and payments on loans and investments are relatively stable sources of funds, while deposit inflows and outflows and loan prepayments may be significantly influenced by general market interest rates and economic conditions.

Deposits. Pioneer attracts both short-term and long-term deposits from the general public by offering a wide variety of deposit products. Pioneer considers its primary market for attracting deposits to be the entire state of Hawaii, however, the branches of the Bank located on the island of Oahu account for a substantial portion of the Bank's deposits. The Bank does not accept brokered deposits. Pioneer offers regular passbook accounts, Christmas club accounts, NOW and super NOW accounts, money market checking accounts and market rate certificates of deposit with terms ranging from 14 days to 120 months.

The following table sets forth the distribution of the Bank's deposit accounts at the dates indicated and the weighted average interest rates on each category of deposits.

	At May 31, 1992			At November 30, 1991		
	Amount (1)	Percent of Deposits	Weighted Average Nominal Rate	Amount (1)	Percent of Deposits	Weighted Average Nominal Rate
	(Dollars in Thousands)					
Savings accounts	$ 81,307	19.90%	4.78%	$ 60,181	14.57%	5.01%
Time accounts	202,217	49.49	6.59	211,822	51.29	7.60
Time accounts $100,000 & over	49,253	12.05	5.48	74,187	17.96	6.97
Money market accounts	26,631	6.52	5.06	22,462	5.44	5.50
NOW and Super NOW accounts	48,594	11.89	3.34	42,971	10.41	3.64
Club deposits	623	.15	5.00	1,350	.33	6.44
Total	$408,625	100.00%	5.61%	$412,973	100.00%	6.58%

(1) Represents weighted average daily balance.

The net decrease in deposit accounts was approximately $4.5 million during the six months ended May 31, 1992. Excluding interest credited, deposit accounts decreased by approximately $13.8 million for the six months ended May 31, 1992.

ESOP Debt. On June 4, 1990, the Employee Stock Ownership Trust ("ESOT") borrowed $2.3 million from an independent unrelated bank to purchase 198,000 shares of Common Stock of the Company at the conversion price of $11.50 per share. The Common Stock which the Employee Stock Option Plan ("ESOP") has purchased has been pledged as security to guarantee the Plan's repayment of the loan. The loan, which has a maturity term of 10 years, requires quarterly payment of equal installments of principal and interest with a variable interest rate at 1.0% over the prime lending rate. The outstanding balance of $1.9 million was reflected as a liability as of May 31, 1992.

RESULTS OF OPERATIONS

General. The Company's only business is conducted through Pioneer and its subsidiaries. Consequently, the Company's operations exclusive of Pioneer are negligible.

The operating results of Pioneer depend primarily on its net interest income, which is the difference between the yield on loans, investments and other interest-earning assets and the rate paid on deposits and borrowings. The operating results of the Bank are also generally affected to a lesser extent by the amount of its non-interest income, such as gains or losses on the sales of loans and properties, loan origination fees, service fees on deposit and loan accounts, and other income. The Bank's principal non-interest operating expenses are salaries and employee benefits, occupancy and equipment, deposit insurance and taxes. The Bank's results of operations are also affected by other factors, including regulatory, economic and competitive factors that influence interest rates, loan demand and deposit flow.

Net income for the Company increased $125,000 or 8.98%, to $1.5 million for the three months ended May 31, 1992 from $1.4 million for the same period in the prior year. The Bank's net income increased $238,000 or 8.60%, to $3.0 million for the six months ended May 31, 1992 from $2.8 million for the six months ended May 31, 1991. The increase in net income for the three and six months ended May 31, 1992, was primarily due to an improvement in the Bank's net interest income, which resulted from generally lower interest rates in fiscal 1992 compared to 1991.

The following table sets forth, by interest rate category, the amount of time deposits outstanding as of the dates indicated and the periods to maturity of the time deposits outstanding at May 31, 1992.

Rate	At November 30, 1991	At May 31, 1992	At May 31, 1992, Maturing			
			Less Than One Year	One-Two Years	Two-Three Years	After Three Years	Total
			(In Thousands)			
Below 5.5%	$ 8,766	$106,558	$ 93,441	$12,356	$ 567	$ 194	$106,558
5.51% - 6.5%	110,784	47,027	45,525	1,219	139	154	47,027
6.51% - 7.5%	120,700	61,111	53,520	3,763	3,022	806	61,111
7.51% - 8.5%	32,236	16,613	10,849	3,771	1,477	516	16,613
8.51% - 9.5%	583	492	130	115	-	237	482
9.51% - 10.5%	43	57	14	5	34	4	57
10.51% - 11.5%	693	704	38	544	76	26	704
11.51% - 12.5%	564	370	87	141	142	-	370
12.51% - 13.5%	936	694	344	300	30	-	694
13.51% - 14.5%	243	144	144	-	-	-	144
14.51% - 15.5%	239	37	37	-	-	-	37
15.51% - 16.5%	5	-	-	-	-	-	-
	$276,793	$233,817	$204,149	$22,232	$5,477	$1,938	$233,817

Borrowings. Although deposits are the Bank's primary source of funds, the Bank's policy has been to utilize borrowings as an additional source of funding for the production of mortgage loans. At May 31, 1992, the Bank's FHLB of Seattle advances totaled $89.5 million, representing 17.42% of the Bank's total liabilities. At May 31, 1992, the Bank had no reverse repurchase agreements outstanding.

The following table sets forth certain information regarding borrowed funds at the dates indicated:

	At May 31, 1992	At November 30, 1991
	(In Thousands)	
Variable rate cash management advances:	$10,000	$ 4,500
Fixed-rate FHLB of Seattle advances:		
4.50% - 9.00% due in 1992	8,500	31,700
4.40% - 11.50% due in 1993	41,000	30,000
7.45% - 9.00% due in 1994	15,000	15,000
5.40% - 9.10% due in 1995	15,000	5,000
Total advances from FHLB of Seattle	$89,500	$87,200
ESOP debt	1,879	1,992
Total borrowings	$91,379	$89,192

Net Interest Income

General. Net interest income, the primary contributor to earnings, represents the difference between income on interest-earning assets (primarily loans and investments) and expense on interest-bearing liabilities (primarily deposits and borrowings). Net interest income is affected by the difference between rates of interest earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest income is also affected by the relative amount of interest-earning assets and interest-bearing liabilities.

Net interest income during the three and six months ended May 31, 1992, increased by $337,000, or 6.25% and $567,000 or 5.23% compared to the same prior year periods. For the quarter and six months ended May 31, 1992, net interest income increased due to a general decline in interest rates in 1992 compared to 1991.

Yields Earned and Rates Paid. The interest rate spread for the three and six months ended May 31, 1992, were 3.72% and 3.62%, respectively; 32 and 28 basis points higher than the comparable periods of the prior year. The improvement in the net interest rate spread was due to decreases in cost of deposits and borrowings. During the three and six months ended May 31, 1992, the weighted average cost of deposits and borrowings were 5.69% and 5.97%, respectively, compared to 7.11% and 7.23% for the same periods in the prior year. As a result, the Bank's interest rate spread increased by 32 basis points and 28 basis points, respectively, for the three and six months ended May 31, 1992, compared to the same prior year periods.

The following table sets forth certain information relating to the Bank's average balance sheet and reflects the average yield on assets and average cost of liabilities for the periods indicated. Such yields and costs were derived by dividing income and expense by the average daily balance of assets (including nonaccrual loans) or liabilities, respectively, for the periods shown.

	Three Months Ended May 31,		Six Months Ended May 31,	
	1992	1991	1992	1991
	Weighted Average Annual Yield/ Cost	Weighted Average Annual Yield/ Cost	Weighted Average Annual Yield/ Cost	Weighted Average Annual Yield/ Cost
Interest-earning assets:				
Loans, net	9.73%	10.88%	9.86%	10.94%
Mortgage-backed securities	8.62	8.79	8.66	8.78
Investment portfolio:				
Taxable investment securities	7.16	9.17	9.05	8.98
Certificates of deposit	4.86	6.96	5.13	7.49
Total investment portfolio	6.07	7.93	7.16	8.10
Total interest-earning assets	9.41	10.51	9.59	10.57
Interest-bearing liabilities:				
Savings, Time and Club accounts	5.58	7.20	5.88	7.35
NOW and Super NOW accounts	3.82	4.27	3.95	4.30
Federal Home Loan Bank advances	7.68	8.73	7.92	8.77
Other borrowings	6.92	11.03	7.69	11.00
Total interest-bearing liabilities	5.69	7.11	5.97	7.23
Net interest rate spread	3.72%	3.40%	3.62%	3.34%
Net yield on average interest-earning assets	4.16%	3.89%	4.15%	3.95%

Net Interest-Earning Balance. The improvement in net interest income for the three and six months ended May 31, 1992, is partially due to the Bank's improvement in the excess amount of interest-earning assets compared to interest-bearing liabilities. When interest-earning assets exceed interest-bearing liabilities, any positive interest rate spread will generate net interest income. When interest-earning assets are less than interest-bearing liabilities, the Bank may incur a net interest expense even when its interest rate spread is positive. The difference between the amount of interest-earning assets and interest-bearing liabilities is referred to as the "net interest-earning balance." Pioneer maintained a positive average net interest-earning balance of $48.3 million and $44.4 million during the six months ended May 31, 1992 and 1991, respectively.

The following table presents the average balance of the Bank's interest-earning assets and interest-bearing liabilities for the periods indicated.

	Three Months Ended May 31,		Six Months Ended May 31,	
	1992	1991	1992	1991
	(Dollars in Thousands)			
Interest-earning assets:				
Loans and mortgage-backed securities	$509,262	$507,676	$511,406	$507,385
Investments	38,809	41,849	38,509	42,718
Total interest-earning assets	548,071	549,525	549,915	550,103
Interest-bearing liabilities:				
Deposits	409,093	412,307	408,703	412,638
Borrowings	91,722	93,140	92,937	93,046
Total interest-bearing liabilities	500,815	505,447	501,640	505,684
Net interest-earning balance	$ 47,256	$ 44,078	$ 48,275	$ 44,419
Ratio of interest-earning assets to interest-bearing liabilities	1.09	1.09	1.10	1.09

Interest Income. Total interest income decreased $1.6 million and $2.7 million for the three and six months ended May 31, 1992 compared to the same periods in the prior year. The decrease in interest income was due to downward repricing of ARM loans, continued repayment on mortgage-backed securities, and lower yields on investments in certificates of deposit. Interest income from the Bank's mortgage-backed securities portfolio decreased $117,000 and $215,000 for the three and six months ended May 31, 1992, compared to the comparable periods of the prior year. The decrease in the interest income on mortgage-backed securities for the three and six month period was due to the continued monthly repayment of the security as the Bank has not purchased or securitized any new mortgage-backed securities since April 1990. Interest and dividends on investments decreased $245,000 and $347,000 for the three and six months ended May 31, 1992, over the same prior year periods. For the first half of fiscal 1992, the weighted average yield on certificates of deposit decreased 2.36% from 7.49% to 5.13% as of May 31, 1991 and 1992, respectively.

Interest Expense. Total interest expense on deposits and borrowings decreased $1.9 million, or 20.91% and $3.3 million or 17.89%, for the three and six months ended May 31, 1992, respectively, compared to the same prior year periods. Interest expense on deposits decreased by $1.6 million and $2.8 million for the three and six months ended May 31, 1992, compared with the three and six month periods for 1991. The decrease in interest expense for the three and six month periods was due to lower rates on savings, time and club accounts, and borrowings compared to the prior year. As of May 31, 1992, the Bank's weighted average cost of funds was 5.97%, 126 basis points lower than the prior year six month period.

Rate and Volume Analysis

Net interest income can also be analyzed in terms of the impact of changing rates and changing volumes. The following table illustrates the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected the Bank's interest income and interest expense during the periods indicated. Information is provided in each category with respect to changes attributable to (i) change in volume (change in volume multiplied by prior rate), (ii) change in rates (change in rate multiplied by prior volume) and (iii) changes in rate/volume (change in rate multiplied by the change in volume.)

	Three Months Ended May 31, 1992 Compared with 1991 Increase (Decrease)				Six Months Ended May 31, 1992 Compared with 1991 Increase (Decrease)			
	Volume	Rate	Rate/ Volume	Net	Volume	Rate	Rate/ Volume	Net
				(Dollars in Thousands)				
Interest and dividend income on:								
Loans, net	$172	$(5,403)	$4,036	$(1,195)	$464	$(5,067)	$2,470	$(2,133)
Mortgage-backed securities	(104)	(64)	51	(117)	(196)	(46)	26	(216)
Taxable investment securities	47	(370)	265	(58)	106	12	(3)	115
Certificates of deposit	(89)	(492)	394	(187)	(246)	(593)	377	(462)
Total income on interest-earning assets	26	(6,329)	4,746	(1,557)	128	(5,694)	2,870	(2,696)
Interest expense on:								
Savings, time and club accounts	(294)	(5,622)	4,261	(1,655)	(562)	(5,092)	2,683	(2,971)
NOW and Super NOW accounts	140	(294)	204	50	245	(224)	96	117
FHLB advances and other borrowings	(31)	(997)	734	(294)	(5)	(847)	435	(417)
Total expense on interest-bearing liabilities	(185)	(6,913)	5,199	(1,899)	(322)	(6,163)	3,214	(3,271)
Net interest income	$211	$ 584	$ (453)	$ 342	$450	$ 469	$ (344)	$ 575

Provisions for Loan Losses. During the three and six months ended May 31, 1992, the Bank provided $265,000 and $414,000, respectively, for possible loan losses compared to $162,000 and $307,000 provided for the three and six months ended May 31, 1991.

Other Income. Total other income increased $422,000, or 54.10% and $694,000 or 47.57%, for the three and six months ended May 31, 1992 compared with the similar periods in the prior year. The increase in other income is due to recognition of a non-recurring gain on sale of loans and increased income from service fees on deposit accounts. As part of the Bank's conservative operating strategy, recognition of the gain was offset by an increase in the provision for loan losses. Excluding the gain on sale of loans, other income increased $171,000 or 21.92% and $443,000 or 30.36% for the three and six months ended May 31, 1992, respectively. The Bank's current marketing strategy of attracting checking accounts has had a positive impact on the increase in service fee income. Since initiating the checking account marketing program in March 1991, Pioneer has attracted over 15,000 new accounts. The increase in number of accounts has resulted in steady increases in service fee income. For the three and six months ended May 31, 1992, service fees on deposit accounts increased $191,000 or 42.16% and $421,000 or 50.72%, respectively, over the prior year.

Other Expense. Total other expense increased $377,000, or 10.03% and $575,000 or 7.57% for the three and six months ended May 31, 1992 compared to the same periods in the prior year. The increase in total other expense is primarily due to increases in salaries and employee benefits. The higher salary levels are due to the normally recurring salary adjustments, and an increase in branch staff with the opening of two new branches in the first six months of fiscal 1992.

Income Tax Expense. For financial reporting purposes, the Bank recorded income tax expense of $1.0 million and $2.0 million for the three and six months ended May 31, 1992, respectively. This compares with $856,000 and $1.6 million for the three and six months ended May 31, 1991, respectively. The increased expense in 1992 reflects the Company's increased pretax income and the impact of the provision for loan losses.

ASSET/LIABILITY MANAGEMENT

As a result of the Bank's management of its asset/liability structure, Pioneer has made substantial progress in increasing the interest rate sensitivity of its assets. In recent years the majority of the loans originated by the Bank for retention in its portfolio were ARM loans and home equity loans. In addition, the Bank has significantly improved the match between the maturities and periods to repricing of its interest-earning assets and interest-bearing liabilities. The results of the Bank's asset/liability management efforts at May 31, 1992 are illustrated by the following:

- The amount of interest-earning assets maturing or repricing within six months exceeded the amount of interest-bearing liabilities maturing or repricing within that period by $68.1 million, resulting in a cumulative six months interest rate sensitivity gap of positive 11.96%.

- The amount of interest-earning assets maturing or repricing within one year exceeded the amount of interest-bearing liabilities maturing or repricing within that period by $129.1 million, resulting in a cumulative one year interest rate sensitivity gap of positive 22.66%.

A positive gap for a given period means that the amount of interest-earning assets maturing or otherwise repricing within such period exceeds the amount of interest-bearing liabilities maturing or otherwise repricing within the same period. Accordingly, in a rising interest rate environment, an institution with a positive gap generally experiences a greater increase in the yield on its assets than in the cost of its liabilities. Conversely, the cost of funds of an institution with a positive gap generally decreases less than the yield on its assets in a falling interest rate environment. Changes in interest rates generally have the opposite effect on an institution with a negative gap. A rising interest rate environment imposes risks on an institution with a negative gap because its liabilities will adjust more rapidly than its assets during the relevant period; accordingly, the increase in the cost of its liabilities will generally exceed the increase in the yield on its assets. The Bank's gap management strategy is influenced by management's forecast of market interest rates.

Although the Bank has improved the interest rate sensitivity of its assets through the origination of ARM loans and home equity loans, management of the Bank believes that it is not in the Bank's best interest to cease origination of fixed-rate loans. Rather, the Bank has originated fixed-rate loans (i) primarily for sale into the secondary market in order to generate fee income and to offer a complete range of mortgage loan products to its customers, and (ii) for retention in the Bank's portfolio when management believes the rate of return on such loans is appropriate for retention. While the Bank has retained in its portfolio a relatively small portion of the fixed-rate loans it has originated in recent years, management believes that under certain circumstances retention of such loans presents an opportunity to increase the overall yield of the Bank's loan portfolio without incurring undue interest rate or credit risk.

The following table sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at May 31, 1992, which are expected to reprice or mature in each of the time periods shown. The amount of assets and liabilities shown that reprice or mature during a particular period was determined in accordance with the contractual terms of the asset or liability. The table assumes prepayment rate on residential fixed-rate first mortgages and mortgage-backed securities and a decay rate on NOW, Super NOW, MMDA, regular savings and club accounts. Loans and mortgage-backed securities that have adjustable rates are shown as being due in the period during which the interest rates are next subject to change. The assumptions are based on the assumptions used by the OTS in its quarterly gap management report for the first quarter of 1992. That rate was applied to outstanding balances at the end of the period.

	At May 31, 1992						
	Less than 6 months	More than 6 months to 1 Year	More than 1 year to 3 Years	More than 3 years to 5 Years	5 years to 10 Years	Over 10 Years	Total
	(Dollars in Thousands)						
Interest-earning assets, net							
Mortgage loans	$186,262	$154,942	$ 33,581	$16,148	$17,862	$ 6,537	$415,332
Construction loans	2,540	1,516	-	-	-	-	4,056
Home equity	32,139	2,253	-	-	-	-	34,392
Consumer loans	1,386	894	66	20	3	-	2,369
Mortgage-backed securities	2,000	1,891	6,582	5,249	8,894	7,952	32,568
Commercial and other loans	6,065	2,013	5,682	476	480	176	14,892
Taxable investment securities	19,951	-	-	-	-	-	19,951
Certificates of deposit	17,250	-	-	-	-	-	17,250
Total interest-earning assets	$267,593	$163,509	$ 45,911	$21,893	$27,239	$14,665	$540,810
Interest-bearing liabilities:							
NOW, Super NOW and MMDA accounts	$ 29,578	$ 18,237	$ 17,685	$ 5,711	$ 6,819	$ 3,897	$ 81,927
Regular savings and club accounts	8,232	7,499	23,893	16,460	21,206	15,243	92,533
Time accounts	141,262	62,793	27,711	1,726	212	-	233,704
Advances from FHLB	18,500	14,000	52,000	5,000	-	-	89,500
Other borrowings	1,879	-	-	-	-	-	1,879
Total interest-bearing liabilities	$199,451	$102,529	$121,289	$28,897	$28,237	$19,140	$499,543
Interest sensitivity gap per period	$ 68,142	$ 60,980	$(75,378)	$(7,004)	$ (998)	$(4,475)	$ 41,267
Cumulative interest sensitivity gap	$ 68,142	$129,122	$ 53,744	$46,740	$45,742	$41,267	
Cumulative gap as a percent of total assets	11.96%	22.66%	9.43%	8.20%	8.03%	7.24%	
Cumulative interest-sensitive assets as a percent of interest sensitive liabilities	134.16%	142.76%	111.70%	110.34%	109.52%	108.26%	

The table above does not necessarily indicate the impact of general interest rate movements on the Bank's net interest yield because the repricing of various assets and liabilities is discretionary with the Bank and is subject to competitive and other pressures. As a result, assets and liabilities indicated as repricing within the same period may in fact reprice at different times and at different rate levels.

CAPITAL RESOURCES AND LIQUIDITY

The Bank's capital position at May 31, 1992, was $55.6 million, or 9.78% of total assets. Under FIRREA, savings and loan associations are required to meet certain regulatory capital standards. The Bank is required under regulations promulgated by the OTS to meet three capital standards: a "tangible capital requirement", a "leverage limit", and a "risk-based capital requirement". These capital standards became effective on December 7, 1989.

The leverage limit requires that a savings association maintain "core capital" of at least 3% of its adjusted total assets. For purpose of this requirement, total assets are adjusted to exclude intangible assets and investments in certain other subsidiaries, and to include assets of certain other subsidiaries, certain intangibles arising from prior period supervisory transactions, and permissible purchased mortgage servicing rights. Under OTS regulations, core capital means core capital as defined for national banks (generally common stock, certain preferred stock, additional paid-in capital and retained earnings, less certain intangible assets). Through December 31, 1994, for purposes of meeting the leverage limit, certain savings associations deemed eligible by the OTS may refrain from deductions from core capital a certain percentage of supervisory goodwill in existence on April 12, 1989. The FDICIA requires each appropriate federal bank regulatory agency to determine the amount of readily marketable purchased mortgage servicing rights that may be included in the capital of institutions under its jurisdiction. Pioneer has no supervisory goodwill and no purchased mortgage servicing rights.

The tangible capital requirement mandates that a savings association maintain tangible capital of at least 1.50% of adjusted total assets. For purposes of this requirement, adjusted total assets are generally calculated on the same basis as for the leverage limit. Tangible capital is defined in the same manner as core capital, except that all goodwill must be deducted. Because Pioneer has no goodwill, its tangible capital is equal to its core capital.

The risk-based standards of the OTS require, as of January 1, 1993, maintenance of core capital equal to at least 4.00% of risk-weighted assets, and total capital equal to at least 8.00% of risk-weighted assets. The risk-based capital requirement is phased in over a three year period: core capital of 3.20% of risk-weighted assets and total capital of 6.40% of risk-weighted assets is required through December 30, 1990, and core capital of 3.60% of risk-weighted assets and total capital of 7.20% of risk-weighted assets is required from December 31, 1990 through December 31, 1992, inclusive. Total capital includes core capital plus supplementary capital (except that includable supplementary capital may not exceed core capital). Supplementary capital includes: cumulative perpetual preferred stock; mutual capital, income capital and net worth certificates; nonwithdrawable accounts and pledged deposits to the extent not included in core capital; perpetual and mandatory convertible subordinated debt and maturing capital instruments meeting specified requirements; and general loan and lease loss allowances, up to a maximum of 1.25% of risk-weighted assets as of January 1, 1993 (1.50% of risk-weighted assets until December 31, 1992). A savings bank's risk-weighted assets is determined by multiplying the value of each of its assets by one of five risk-weighting factors which range from 0% to 200%.

At May 31, 1992, Pioneer's financial position required that it have core capital of $17.1 million, tangible capital of $8.5 million, and total capital of $22.3 million, half in the form of core capital. On that date, Pioneer had core and tangible capital of $55.8 million and total capital of $58.2 million, and as such was in compliance with the capital regulations. The following table sets forth the Bank's capital position under the tangible capital requirement, the leverage limit and the risk-based capital requirement and the amounts by which the Bank exceeds each of these requirements.

	At May 31, 1992				
	Required Regulatory Capital		Capital Pioneer's Regulatory Capital	in Excess of Regulatory Requirement	Regulatory Capital Ratios
	Ratio	Amount			
Tangible capital requirement	1.50%	$ 8,549	$55,763	$47,214	9.78% (1)
Leverage limit	3.00	17,098	55,763	38,665	9.76 (2)
Risk-based capital requirement:					
Currently required	7.20	22,316	58,150	35,834	18.76 (3)
Fully phased-in (December 31, 1992)	8.00	24,796	58,150	33,354	18.76

(1) Tangible capital to tangible assets.
(2) Core capital to adjusted tangible assets.
(3) Risk-based capital to risk-weighted assets.

The Bank is required under regulations of the OTS to maintain an average daily balance of certain liquid investments equal to at least 5.0% of the sum of its average daily balance of net withdrawable deposits and borrowings payable on demand or in one year or less, of which short-term assets must consist of not less than 1.0%. It is the Bank's policy to maintain liquidity levels at or near the required minimum in order to maximize yield on alternative investments. At May 31, 1992, Pioneer was in compliance with these requirements, with an overall liquidity ratio of 5.33% and a short-term liquidity ratio of 5.09%.

The Bank's principal sources of funds are deposits, loan amortization and prepayments, maturities and sales of investment, mortgage-backed and short-term securities, and borrowings, including advances from the FHLB of Seattle and reverse repurchase agreements. While loan amortization and maturities of investment securities and short-term investments are a relatively predictable source of funds, deposit flows and loan prepayments are substantially influenced by general interest rates, economic conditions and competition. At May 31, 1992, Pioneer's unused line of credit for FHLB of Seattle advances was approximately $111.4 million. Member institutions of the FHLB of Seattle are required to pledge certain collateral to secure advances.

The Bank anticipates that it will have sufficient funds available to meet current commitments. At May 31, 1992, the Bank had outstanding mortgage loans in process of approximately $1.4 million, outstanding loan commitments of $21.8 million and unused home equity lines of credit of approximately $17.0 million. The Bank anticipates funding these outstanding commitments with normal sources of funds, such as loan repayments and savings deposits.

IMPACT OF INFLATION AND CHANGING PRICES

The unaudited Consolidated Financial Statements and Notes thereto presented herein have been prepared in accordance with GAAP, which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of the Bank's operations. Unlike most industrial companies, the primary assets and liabilities of the Bank are monetary in nature. As a result, interest rates have a more significant impact on the Bank's performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

The Bank is involved in routine legal proceedings in the ordinary course of its business which in the aggregate are believed by management to be immaterial to the financial condition of the Bank.

Item 2 - Changes in Securities

None

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PIONEER FED BANCORP, INC.

Date: 7/8/92 By: _____
Lily K. Yao
President and Chief Executive Officer

Date: 7/8/92 By: _____
Albert M. Yamada
Senior Vice President, Secretary & Treasurer
(Principal Financial and Accounting Officer)